

4 Economic Development Options for Schoharie County

I. Achieving a Sustainable Local Economy

In every sustainable economy, there are three types or levels of employers that comprise the employment base. The “Core/Primary” level represents the major private and government employers. Major private employers provide not only jobs but also contribute substantially to the tax base. The “Industry/Support Services” level exists to support the Core/Primary employers and the “Residential Support Services” level exists to support the community’s residential base. The real growth of a local economy occurs with the expansion of a Core/Primary Industry which in turn drives growth within the other levels.

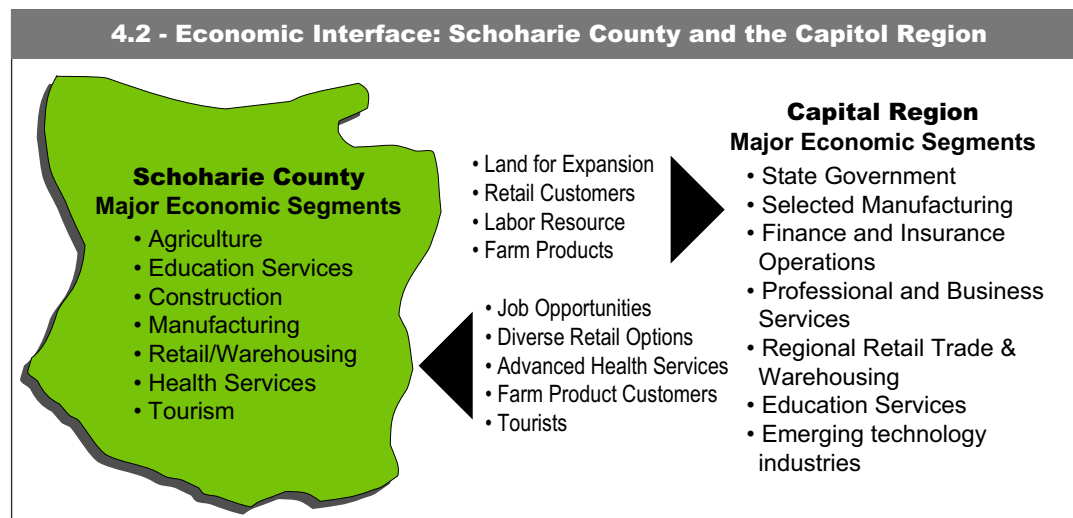
If a community is in a healthy balance, it will undergo a sustained level of growth that provides jobs to newly available employees while keeping community infrastructure and services at a moderate cost to manage tax escalation. Healthy companies will continually adapt, innovate and manage costs as product life cycles mature. When this is no longer possible, the company will go out of business and the community must stimulate new business and jobs that match the skills and resources of the community.



II. Economic Interface Between Schoharie County and the Capital Region

Schoharie County is not a totally self-contained economy but relies to an extent on the Capital Region as a source of jobs, expanded retail, advanced health services and a portion of their customer base for farm products and tourism. The Capital Region in turn looks to Schoharie County as a location for future expansion and a source for labor and retail customers.

Looking into the future, Schoharie will need to expand its internal employment and tax base while managing residential growth that can adversely impact infrastructure and the demand for government services and school capacity.



III. Situation Overview

In evaluating the current and pending situation within the Capital Region, and in particular Schoharie County, there are certain dynamics that will impact economic development activity going forward:

Growth Within the Capital Region and Development Within Schoharie County

As the Capital Region continues to grow and searches out flat land for development that has reasonable access to an interstate, the lands along I-88 and U.S. Route 20 will ultimately be in demand. When farming families in the county (particularly those in the flatlands within a few miles of I-88 and U.S. Route 20) decide to liquidate their land assets, they will seek out the highest price for their land and will most likely sell to a company intending to use the land for industrial, commercial or residential development.

III. Situation Analysis (cont'd)

Key Long-Term Growth Segments for the Capital Region

Based on university research and New York State funding, the region will focus on technology-related business opportunities in biotechnology, materials, electronics/photonics, nanotechnology, energy and the software to support each area. These types of businesses will characteristically be small and mid-sized. The region is also positioned to be a distribution center for the Northeast. Other growth areas are financial services support functions and small headquarters as well as expanded regional healthcare facilities

Addressing Issues Within the Farming Community

There are farming families in the county that will want to hold on to their farms and want protection from land value escalation and nuisance law suits from near neighbors. In addition, farming families frequently seek additional jobs off the farm to supplement farm income, particularly to pay for healthcare benefits.

Fear of Losing the County's Heritage to "Progress"

Many families have lived in the county for generations, deriving their livelihood from the land and small local businesses. Looking out the kitchen or office window and seeing the hills, driving on the back roads through the pastoral farmland, or going into the non-congested villages for an errand is what people have done here for centuries. Residents realize that progress is somewhat inevitable but there is a deep desire not to lose what currently exists.

Influx of Residents From New York City

There has been a trend over the past three years (since 9/11/2001) for New York City residents to migrate to the more rural areas of upstate New York to get away from high potential terrorist target areas. Some work from afar while others commute into New York for several days a week. This group will stimulate the growth in county population, particularly in the southern sections.

Job Opportunities Within Schoharie County

Residents of the county work at service, government and manufacturing positions (where available) or commute to surrounding counties due to the lack of employment opportunities in the county. Many residents are "underemployed" – working below their skill and education levels. If the area continually transitions into a "bedroom" community, the tax burden on residents and small businesses will increasingly become a challenge.

III. Situation Analysis (cont'd)

Lessons Learned About Major Employers

The county lost nearly 75% of its manufacturing jobs over the past few years with the closure of two operations: the Guilford Mills in Cobleskill (500 jobs) and Storyhouse in Charlotteville (50 jobs). Going forward, having employment distributed among a number of small and mid-sized companies that serve diverse markets may prove to be more sustainable and less volatile.

Attractiveness of Schoharie County for Economic Development

The availability of land at below market prices near an interstate highway will be the initial attraction. Access to labor will be reviewed which is more available in the Towns of Cobleskill, Schoharie and Esperance along with commuters from Schenectady and Albany counties. Power costs are similar to other Niagara Mohawk – A National Grid service areas except in the Town of Richmond where a municipal power company can provide substantially lower commercial rates. Taxes are equal or higher than other Capital Region towns and cities but the area has no Empire Zone to provide tax exemptions and other incentives.

The Need for an Economic Development Strategy and Plan

In response to pending development pressures, the county will need to have a strategy and plan in place to deal with different situations effectively or growth decisions will default to the developers which may not meet the needs and expectations of the county.

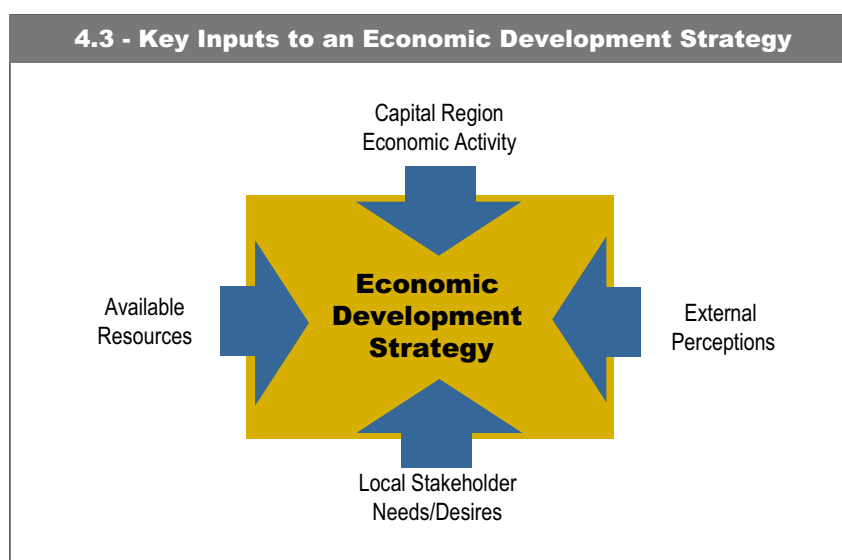
IV. Developing an Economic Development Strategy

The Challenge

In developing an economic development strategy, the challenge is to expand local job opportunities and tax base to keep the area viable for local residents while not severely impacting the natural beauty, small-town environment, affordable farms, and historic landmarks that are core to what the county perceives as important.

Defining an Approach

An effective economic development strategy for Schoharie County needs to incorporate each of the following key inputs . . .



. . . each input adds to the overall framework and content of the strategy. There may be gaps and conflicts between inputs that will need to be worked out. For example, some stakeholders may not be in favor of certain types of industries and operations locating in the county or there may be some expectations for growth that do not align with the available resources and external perceptions.

- **Capital Region Economic Activity:** as discussed previously in this report, the Capital Region is focusing on a number of segments and industries to stimulate growth including the following technology based disciplines: biotechnology/health sciences, energy, nano-technology, materials and information technology which could lead to both manufacturing and service-related opportunities. In addition, the region is expanding its financial services support operations as well as provide distribution operations to support both the Capital Region and the Northeast.

IV. Developing an Economic Development Strategy (cont'd)

- **Available Resources:** as outlined in Section 3 of this report, Schoharie County has certain assets including relatively low land cost, access to transportation and utilities, certain types of labor (although not large quantities), moderate operating costs, access to SUNY Cobleskill and an available manufacturing complex that will be attractive to selected companies.
- **External Perception:** external sources (Capital Region/State agencies, prospective companies, consultants, real estate brokers, etc.) will initially be interested in tracts of land adjacent to an interstate and then review all other pertinent resources needed for a specific operation. The county will be viewed as rural (obviously) with low concentrations of labor and limited access to specific types of services. Each concern will need to be addressed to keep the county as a viable location candidate. Companies and individuals from throughout the Capital Region may have a perception that Schoharie County is a long commute over a tollway. In reality, the toll is free and the travel time is 45 minutes or less.
- **Local Stakeholders' Needs/Desires:** the local stakeholders are a very diverse group representing farmers that want to keep their land as well as those that want to sell their land, small businesses, health care professionals, church leaders, educators, non-farming citizens, government officials, etc. Each stakeholder will have a different perspective along with potentially very different needs and wants. There will ultimately be two opposing groups: those that want some development and growth and those that want everything to stay pretty much just as it is. The economic develop strategy must embrace each group and seek a reasonable compromise.

V. Identifying the Available Options for Economic Development

Land use within a community can be viewed as an asset portfolio. Each land use alternative contributes to different societal needs such as providing jobs and income, recreation and aesthetics, education and government services, access to goods and services as well as residential options. For a community to sustain viability, each aspect of the portfolio must contribute its inherent value but not to the exclusion of other needs. For example, industry should be located so as not to impact the community's natural aesthetics.

For comparison purposes, five different land use alternatives are presented in Figure 4.4 to evaluate job creation, size of payroll as well as property and sales tax revenues generated for the county and local communities. Each type of land use is ultimately important to the community, however, the job and monetary benefits to the community vary significantly. In addition, the potential negative impacts on the community from each land use alternative are noted in Figure 4.5.

V. Identifying the Available Options for Economic Development (cont'd)

In building an economic development portfolio, it is important to evaluate both the opportunities and liabilities that different types of options bring to the local community.






4.4 - Comparison of Economic Development Options					
Option	Description of Facility	No. of Jobs and Compensation	Payroll \$Million	Potential Property Taxes	4% Local Sales Taxes
 Office	100,000 SF of Office Space on 10 acres.	450 – 550 • \$35,000 avg. compensation • 5-day, single shift operation	\$15.7 to \$19.2	\$330,000 • Land value: \$30,000/acre • Building cost: \$100/SF	\$4,000 • \$100,000 of local annual purchases
 Manufacturing	25,000 SF of Office and 75,000 SF of Manufacturing on 10 acres	175 – 225 • \$30,000 avg. compensation • 7-day, two shift operation	\$5.3 to \$6.8	\$218,000 • Land value: \$30,000/acre • Building cost: \$65/SF	\$6,000 • \$150,000 of local annual purchases
 Warehousing	10,000 SF of Office and 90,000 SF of Warehousing on 10 acres	125 – 175 • \$25,000 avg. compensation • 7-day, two shift operation	\$3.1 to \$5.3	\$170,000 • Land value: \$30,000/acre • Building cost: \$50/SF	\$3,000 • \$75,000 of local annual purchases
 Retail	100,000 SF of Retail on 10 acres	60 – 80 • \$20,000 avg. compensation • 7-day, two shift operation	\$1.8 to \$2.4	\$186,000 • Land value: \$30,000/acre • Building cost: \$55/SF	\$100,000 • \$2.5 million in annual sales
 Residential	15 – 2,500 SF homes on ½ acre lots within a 10 acre site	None	None	\$132,000 • House value: \$275,000	\$6,000 • \$10,000 annual local purchases per house

Assumptions:

1. Land values in the prime areas of the county have a potential for selling at \$30,000/acre based on current market offerings
2. An average millage rate for property taxes was selected at \$32/\$1,000 assessed value

V. Identifying the Available Options for Economic Development (cont'd)

When evaluating each option, any potential negative impacts or additional costs to the community should also be considered.

4.5 - Potential Adverse Impacts on Community	
Office 	<ul style="list-style-type: none"> • Traffic during shift changes unless properly located in community <p>Note: in reality, office projects within the county will more likely be smaller than 100,000 SF</p>
Manufacturing 	<ul style="list-style-type: none"> • Traffic congestion during shift changes and increased truck traffic in more populated areas unless properly located in community • Potential high water use from certain types of operations • Potential air emissions, wastewater discharges and solid waste from certain types of operations
Warehousing 	<ul style="list-style-type: none"> • Increased truck traffic in more populated areas unless properly located in community
Retail 	<ul style="list-style-type: none"> • Increased traffic congestion in more populated areas unless properly located in community
Residential 	<ul style="list-style-type: none"> • Potential impact on schools and other community services • Requirements to extend utility services to new area <p>Note: need to consider impact fees to offset costs for schools and infrastructure</p>

VI. Proposed Economic Development Strategy

Overall Objectives

- Rebuild and expand local employment opportunities for residents of the county by attracting and supporting businesses that offer challenging and good-paying jobs
- Enhance the tax base of the county to off-set the current tax burden for schools, services and infrastructure on local residents
- Improve local access to goods and services to enhance the quality of life
- Provide a community that attracts medical professionals to the Bassett Hospital, top quality teachers to local schools and SUNY Cobleskill, business entrepreneurs, and other professionals that support the community
- Preserve the natural beauty and historic sites/heritage of the area, the ability to maintain a family farm, and the small-town environment

Key Elements of the Strategy

The strategy will incorporate aspects of economic development and community development because they are so closely interconnected in this situation and will also address the questions of both “what” and “where”.

1. Target Sectors/Industries

Based on existing and emerging economic activity throughout the Capital Region, the following target sectors and industries are recommended for Schoharie County:

- > **Technology-Related Manufacturing:** opportunities are derived from R&D activities related to biotech/life sciences, nanotech, energy and materials at SUNY Albany and RPI. These opportunities will take their course of development through a local incubator and then into an industrial park. Schoharie can offer a low cost alternative with access to SUNY Cobleskill academic programs and a potential joint effort in the final stages of product refinement and production startup. Taking advantage of these opportunities will require the establishment of a liaison office between the County Planning Office, SUNY Cobleskill and the R&D activities at SUNY Albany and RPI
- > **Information Technology:** there will be significant IT activity to support different aspects of the technology-related manufacturing efforts above. An IT cluster could be set up in the county to leverage low cost, country/small town living and the IT graduates from SUNY Cobleskill. Engaging in this activity would require a liaison with the activities within the Capital Region and SUNY Cobleskill to match skills and needs
- > **Traditional Manufacturing:** opportunities still exist for certain types of manufacturing that supports the technology companies noted above or other industries. Examples include: plastics injection molding, light assembly, machining/tool & die, repair/modification and similar operations. Access to low cost space and labor as well as certain skill requirements are typical location needs.

VI. Proposed Economic Development Strategy (cont'd)

- > **Financial Services/Back Office Operations:** the community could support a modest size back office operation (250 -300 jobs) if a spec building were to be constructed in the Cobleskill area and serviced with the appropriate telecom requirements. Developing a formal relationship with SUNY Cobleskill for training, part-time staff and full-time graduates would be an advantage.
- > **Distribution Warehousing:** due to the growth of the Capital Region as a distribution center, there are opportunities to offer sites for distribution operations. Issues to consider relating to a warehouse operation include:
 - There are already major distribution centers in the Town of Sharon Springs and in Montgomery County and there may be a labor resource issue
 - The facility will become the “front door” to the community and needs to be aesthetically inline with the area (develop appropriate architectural standards)
- > **Recreation/Tourism:** leveraging the tourism and recreational aspects of the community, there is a potential opportunity to develop a sports arena for soccer, lacrosse and other sports tournaments and off-season practices as well as be available for SUNY Cobleskill activities.

2. Improving the Competitive Positioning of the County

Based on comparisons with adjacent counties, Schoharie County has two key competitive issues: (1) The tax rates (particularly in the villages) are equal or higher than other locations within the region. To reduce these rates, the villages and towns should seriously consider consolidating their governments and related services. (2) The county does not have an Empire Zone capability to lower taxes and provide needed incentives. Efforts to date have not proven fruitful but should continue to be pursued.

3. Primary Location(s) for Growth and Development of a Master Plan

Considering that many location decisions are made based on access to transportation and labor resources, it is evident that the primary growth locations should focus on the I-88 and U.S. Route 20 corridors. A second tier priority should be for other communities in the county such as Middleburgh and Gilboa.

In order to facilitate and manage the growth strategy, a master land use plan should be developed for the two corridors and begin a formal next-generation zoning program that helps set expectations and contains certain types of growth with defined areas.

VI. Proposed Economic Development Strategy (cont'd)

4. Types of Facilities Required

Based on the target industry opportunities outlined under item 1 above, the following facilities are to be targeted for growth:

> **Flexible Office Space:** three types of office space should be considered:

1. Remodel the 34,000 SF space at the former Guilford Mills complex to be marketed as Class B office space. Provide the tenants flexibility to reduce or enlarge their space as needed without penalty and reward them for acquiring additional space
2. Identify buildings within the Villages of Schoharie, Cobleskill, Sharon Springs and Middleburgh for office renovation/conversion
3. Build a 50,000 SF two-story Class A office building (similar to the Lancaster Construction Company building) near Cobleskill for back office and software company staff



> **Flexible Manufacturing Space:**

The former Guilford Mills complex provides an excellent resource as long there are no high bay requirements or a need for overhead cranes due to the high point in the ceiling being only 19'. The complex could be subdivided into modules and sub-modules that would allow a company to acquire space as required. The complex could also host a common cafeteria and other service facilities to avoid redundancies and keep costs down.

> **Warehouse Sites:** if there is an interest to further expand warehousing in the area, several sites (50 -100+ acres) should be identified and become certified as *Shovel Ready* and notify the New York State economic develop agency and have it posted on their web site database.

> **Lab Space:** some biotech and life science companies will need wet lab space with sewer access and specialized (high cost) equipment. Identifying sources of investment for these build-out requirements and assuring there are sewer connections would facilitate this opportunity. Certain sections of the former Guilford Mills complex could be adapted to these requirements.

> **Sports Area:** there is a potential to construct a sports area in Cobleskill that could be rented for tournaments and off-season practice for regional sports teams as well as utilized by the college. This is an emerging business in the larger metro areas.



VI. Proposed Economic Development Strategy (cont'd)

5. Enhancing Quality of Life Attributes:

Continuing to improve the quality of life within the county is an important aspect of economic development while bringing value to existing residents.

> **Housing:** there is a very limited stock of available housing that is newer (<15 years old) and has smaller lots (<10 acres). It is recommended that additional housing stock in the 2,000 – 3,000 SF size on ½ to one acre lots located in/near the Villages of Schoharie, Cobleskill and Sharon Springs be considered for development. Consider avoiding the large-tract developments that isolate socio-economic groups and create village vs. suburb situations. There is most likely a desire within the county to keep focus on the villages and the infrastructure that is already in place.

Also, consider taking an inventory of all houses over 100 years old in the county and evaluate their condition and provide low interest loans to preserve them and get them up to code standards. The existence of these homes is a market differentiator for Schoharie County and the inventory will also keep them from being inadvertently destroyed or falling too far into disrepair.

> **Retail in Cobleskill:** Cobleskill is the retail center of the county and is a key resource related to quality of life and external perceptions of the county. The village may want to take advantage of the Main Street Program to preserve the facades and promote additional business. There are opportunities to attract the student population with coffee bars, specialized retail that complements Wal-Mart, and places for country dancing and live music that has been very popular in other metro areas. The downtown needs to embrace and leverage the buying power of the students and make it easier for them to access the downtown. The student buying power can potentially enhance the retail available to the public at large and be viewed as an enhancement in quality of life.

VII. Recommended Implementation Plan for the Economic Development Strategy

In order to achieve the objectives of the Economic Development Strategy, a well-defined plan needs to be implemented that includes the following action items:

Short-Term Action Items

1. Formalize the Economic Development Strategy and have discussions (town meetings) throughout the county to discuss the objectives and vision of the strategy and gather input from each community – particularly from the towns along I-88 and the U.S. Route 20 corridors.
2. Support the marketing of the Guilford Mills complex with a profile describing the available resources within the community.
3. Continue with the Micro-Enterprise Program supporting small business growth within the county.
4. Initiate a land use planning process for the I-88 and U.S. Route 20 corridors to provide guidance for future development.
5. Address the opportunity of placing additional warehousing operations off the I-88 and U.S. Route 20 corridors, and if there is interest, proceed on developing a plan to provide utilities to the area and promote particular sites under the NYS Shovel Ready Program.
6. Establish a liaison with the different Capital Region technology organizations to better understand specific opportunities for businesses seeking facilities and talent that match the Guilford Mill complex, students/programs at SUNY Cobleskill, and local labor .
7. Utilizing college interns (architecture and city planning students), make an inventory of all historic homes (>100 years old) in the county and structures that could be renovated for office and other commercial operations. This effort will build an inventory and awareness of homes that may be candidates for a low interest loan renovation program and the availability of structures to house new small businesses.
8. Consider a Main Street Program for Cobleskill and develop a strategy to enhance student patronage that is beneficial to the downtown area. Utilize a student intern team from the college to develop a survey for students and local residents on what types of businesses they would like to see and would prosper in the downtown area. Review the issue of parking or other inhibitors that detract from people shopping in Cobleskill. Review the efforts of the cities of Oneonta, Corning and Saratoga Springs in revitalizing their downtown areas.

VII. Recommended Implementation Plan for the Economic Development Strategy (cont'd)

9. Continue to pursue getting an Empire Zone status for certain portions of the county by leveraging the loss of jobs and promoting the strategy and plan for economic development that is put in place. Essentially, demonstrate how the Empire Zone has a direct impact on needed growth in the county.
10. Plan a county-wide meeting between the Work Force Development agency, area employers, area high schools, SUNY Cobleskill and County Planning to review training and recruiting efforts, skill requirements in the future and ways to improve cooperation and communication.

Longer-Term Action Items

1. Develop a plan to build a spec office building in the Richmond/Cobleskill area to support a back office operation as well as for office-based software companies that can leverage skills/programs at SUNY Cobleskill. Modify zoning to allow for office buildings to be located in industrial parks.
2. Be prepared to build an inventory of executive/professional homes (2,000 – 3,000 SF) near the Villages of Cobleskill and Schoharie.
3. In order to reduce cost and taxes to make the area more competitive, initiate the discussion on consolidating village and town governments.
4. Evaluate the economics and opportunities for constructing an indoor sports arena near SUNY Cobleskill for attracting teams and tournaments as well as adding value to the college.